

6 Stage 2 Standard Operating Procedure

6.1 Purpose

The purpose of Stage 2 (Funding) is to provide guidance on projects which have completed Stage 1 (Planning and Environmental Process) and are ready to proceed into Stage 3 (Final Design Process). The objectives of Stage 2 are to update the cost estimate and insure funding is available to proceed, develop the project plan and project delivery date (PDD), establish the program fiscal year (for the construction letting), determine the funding source, and insure the project is included in the State Transportation Improvement Program (STIP) and Highway Program, as appropriate.

6.2 Process

Generally, the two types of projects that complete Stage 1 and proceed into Stage 2 are 1) those that are initiated in the regular Highway Priority Program, and 2) those that are initiated by others with earmarked funds. Two scenarios for handling these projects are defined as follows. The flowchart on page 6-6 illustrates these two scenarios.

6.2.1 Projects Initiated through Regular Priority Program

For a project to have progressed through Stages 0 and 1 in the regular Priority Program, the project selection team must have anticipated that the funding of the project would fall within the constraints of budget partition in the near future. Therefore, in general terms, projects that come through the priority program should be funded and should not be held in Stage 2 for long, unless the estimate increased significantly from the previous stages.

Once a project has completed Stage 1, the project manager should check/update the cost estimate. The project manager should review the scope and updated estimate with the program manager to insure the project still addresses the original intent and falls within the budget constraints of the program. If the updated estimate reveals a funding problem, a decision will have to be made whether or not to continue with the project as is, go back to Stage 0 and reduce the scope, or coordinate with the banker (or project finance committee) to develop a plan to secure additional funding. Ideally, most projects will proceed as is, since significant cost increases would have been reconciled with the project selection team and/or program manager during Stage 1.

At this point, the project manager will develop a preliminary project plan that lays out the tasks, timeframes, and manpower requirements. This preliminary plan should assume that funding and manpower will not be a problem. Next, the project manager and the program manager must determine when the project can be funded and establish a tentative program fiscal year. The program fiscal year is the year the project will be let to construction. If necessary, the time frames in the preliminary project plan should be revised to match the funding time frame. Next, the project manager and the discipline managers (Road Design, Bridge Design, Real Estate, etc.), using the Program and Project Management System (PPMS) system if possible, must determine if manpower will be available to meet the proposed schedule. (Note: PPMS is a new project management system currently being implemented by DOTD's Project Development Division.) If manpower is available, a PDD can be established and the project can proceed into Stage 3. Note that the PDD must be in the fiscal year preceding the program fiscal year. If manpower is not available to meet the schedule, the use of consultants can be pursued, or the project plan, PDD, and program fiscal year can be revised to accommodate the availability of manpower.

Although the program manager has a budget to work within, specific sources of funding to be used for each project may not be known at the onset of a project. The program manager should work with the highway program engineer to determine a tentative funding type, such as National Highway System (NHS), Surface Transportation Program (STP), state cash, etc. Once the entire program is developed and funding requirements are reconciled with available funds, the highway program engineer or banker (or project finance committee) may change the specific funding type as needed.

At this point, the project should have a project plan, PDD, program fiscal year, and an identified funding type. The highway program engineer will insure that the project is programmed accordingly in the STIP and Highway Priority Program. The project manager will insure that the appropriate information for the project is entered into the PPMS system.

6.2.2 Projects Initiated with Earmarked (Federal Demonstration Funds or State Bond Funds)

It is not uncommon for earmarked funds to be made available by Congress (or the Louisiana legislature) to begin the feasibility and/or environmental studies for a project. If a Demonstration or Bond project completes Stage 1, the project manager, in conjunction with the DEMO program manager, should review the status of funding to determine how much is

available to continue with the development of the project. The project estimate should also be checked and/or updated at this time.

The project manager should identify the activities (engineering, right-of-way, utilities, construction) which can be accomplished with the available funds. For example, if funding is only available for engineering, the project manager should be able to inform the project sponsors and the applicable Congressman or Louisiana legislator when additional funds will be needed. Therefore, a tentative project plan would be needed.

Activities for which funding is available should be programmed in the STIP and Highway Priority Program. The project manager should coordinate with the discipline managers (using PPMS if possible) to insure personnel are available to proceed with the project.

The program manager should inform the appropriate project sponsor, Congressman, and/or Louisiana legislator of any additional funding needed to continue or complete the project.

If construction funding is not available, a PDD should not be established. If construction funding is available, a PDD should be established by the project manager and program manager.

6.3 *Responsibility Matrix/ Checklist*

See page 6-5.

6.4 *Project Finance Committee (PFC) Duties in Stage 2*

- The PFC receives and reviews the Scope and Budget Memorandum (deliverable from Stage 1 committee). The PFC compares cost estimate #2 (another deliverable from the Stage 1 committee) with cost estimate #1 and assesses the impact on the preliminary project and projected program budget.
- The PFC compares project budget impacts with preliminary “most feasible” funding solution. If a project is no longer determined to be financially feasible, it is returned to Stage 1 committee for possible scope revisions (a report from the PFC to Stage 1 committee with justification).

- If the project remains financially infeasible, project sponsors are formally notified and project is removed from the program.
- The PFC authorizes (encumbers/obligates) cash for necessary stage 3 work.
- The PFC coordinates with the scheduler (Stage 4 committee) and develops a preliminary cash flow plan for the project.
- PFC authorizes cash for Stage 3 work by work categories, as it progresses from phase to phase.

6.5 Deliverables

The deliverables from stage 2 are:

- Updated Cost Estimate
- Project Plan
- PDD
- Program Fiscal Year (year of construction letting)
- Funding Source Identified

STAGE 2 STANDARD OPERATING PROCEDURE			
CHECKLIST AND RESPONSIBILITY MATRIX			
		TASK	RESPONSIBLE PARTY
1		IDENTIFY ORIGIN OF PROJECT (PRIORITY PROG/DEMO...)	HIGHWAY PROGRAM ENGINEER
2		IF ORIGIN IS PRIORITY PROGRAM:	
	A	CHECK ESTIMATE, UPDATE IF NECESSARY	PROJECT MANAGER
	B	REVIEW ESTIMATE, DECIDE GO OR NO/GO	PROGRAM MANAGER
	C	ESTABLISH PRELIMINARY PROJECT PLAN	PROJECT MANAGER
	D	DETERMINE POTENTIAL PROGRAM FISCAL YEAR	PROGRAM MANAGER
	E	ADJUST PREL. PROJECT PLAN TO COINCIDE WITH PROGRAM FY	PROJECT MANAGER
	F	CHECK MANPOWER AVAILABILITY TO MEET PRELIMINARY PROGRAM PLAN	PROJECT MANAGER
	G	REVISE PROJECT PLAN / PROGRAM FY AS NEEDED. ESTABLISH PDD	PROJECT & PROGRAM MANAGER
	H	ESTABLISH TENTATIVE FUNDING SOURCE (NHS, STPFLEX, STATE CASH, ETC.)	HIGHWAY PROGRAM ENGINEER
	I	ENTER MILESTONE DATES, PDD, PROGRAM FY, ETC. IN LETS	HIGHWAY PROGRAM ENGINEER
	J	ENTER PROJECT INFORMATION IN PPMS SYSTEM	PROJECT MANAGER
	K	CHANGES IN PDD (WITH RECOMMENDATION OF PROJECT AND PROGRAM MGR)	DIVISION HEAD OF PROJECT MANAGER
3		IF ORIGIN IS DEMO, BOND, OR OTHER EARMARKED FUNDS	
	B	REVIEW STATUS OF FUNDING. DETERMINE AMOUNT AVAILABLE TO PROCEED	PROJECT AND PROGRAM MANAGER
	C	IDENTIFY ACTIVITIES WHICH CAN BE ACCOMPLISHED WITH AVAILABLE FUNDS	PROJECT MANAGER
	D	DEVELOP PRELIMINARY PROJECT PLAN IF THERE IS FUNDING TO PROCEED	PROJECT MANAGER
	E	COORDINATE WITH DISCIPLINE MANAGERS TO INSURE MANPOWER IS AVAILABLE. PROGRAM ACTIVITIES IN STIP AND HIGHWAY PROGRAM.	PROJECT MANAGER
	F	PROCEED WITH STAGE 3 ACTIVITIES AS FAR AS FUNDS WILL ALLOW	PROJECT MANAGER
	G	INFORM PROJECT SPONSORS, CONGRESSMEN, LEGISLATORS OF FUTURE FUNDING NEEDS	PROGRAM MANAGER
	H	ESTABLISH PDD ONLY IF CONSTRUCTION FUNDING IS AVAILABLE	PROJECT AND PROGRAM MANAGER

STAGE 2 OPERATING PROCEDURES FLOW CHART

